

Gina Harrison

Director

Office of Regulatory Relations

1275 Pennsylvania Avenue, N.W., Suite 1400

Washington, D.C. 20004

(202) 383-1421

**PACIFIC  TELESIS**  
Group-Washington

August 12, 1996

DOCKET FILE COPY ORIGINAL

RECEIVED

AUG 12 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, DC 20554

Dear Mr. Caton:

Re: *MM Docket No. 87-268, Advanced Television Systems and Their Impact Upon the Existing Television Broadcast Service*

On behalf of Pacific Telesis Group, please find enclosed an original and six copies of its "Reply Comments" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Enclosure

Qty. of Copies rec'd  
ENCLOSURE

047

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

RECEIVED

AUG 12 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of

Advanced Television Systems and Their Impact  
Upon the Existing Television Broadcast Service

MM Docket No. 87-268

**REPLY COMMENTS OF PACIFIC TELESIS GROUP**

**I. INTRODUCTION AND SUMMARY**

Pacific Telesis Group ("Pacific") hereby submits reply comments limited to the issue of whether the Grand Alliance ATV standards, or other digital TV standards developed for broadcasters, should apply to emerging video technologies such as MMDS. In our view, the answer is a resounding "No."

Most of the commenters raising the issue of the applicability of standards to new video services opposed the standards in their entirety, or urged the Commission only to allow providers to adopt voluntary standards based on the Grand Alliance proposal. The few commenters who favored extension of the standards into uncharted video territory presented no persuasive arguments in favor of this approach. Instead, they alluded to past failures that they attributed to a lack of standardization in technology, without recognizing that early standardization can have very negative consequences when technology is new and innovation is rapid.

Because we believe new video technologies such as MMDS must be given a chance to flourish and grow in this era of great innovation, we urge the Commission to refrain from imposing standards at this time.

## **II. THERE IS NO GOOD REASON TO IMPOSE STANDARDIZATION ON EMERGING VIDEO SERVICES SUCH AS MMDS**

The few commenters who favor extending the Grand Alliance standards to new video services provide no good reasons in favor of their stance. Circuit City, for example, simply resorts to generalities, citing the “clear legal responsibility of the Commission to achieve the maximum possible degree of compatibility among transmission standards for [other video methods, such as DBS, MMDS, and OVS],” without explaining where this “responsibility” arises. Circuit City at 8.<sup>1</sup> See also Broadcasters at 24-26. However, Section 629 of the 1996 Act (47 U.S.C. § 549) allows providers to use their own proprietary boxes “if the system operator’s charges to consumers for such devices and equipment are separately stated and not subsidized by charges for any such service.”<sup>2</sup> Thus, the one argument Circuit City makes in favor of standardization is not a requirement of the 1996 Act.

Furthermore, Circuit City nowhere substantiates its claim that application of the ATV standards to new video services will either promote the competitive availability of navigation devices or benefit consumers. Circuit City simply makes the assumption that unless the Commission imposes standards, chaos will result. However, much of the innovation currently at work in the video industry is aimed precisely at consumers’ desire for

---

<sup>1</sup> Circuit City’s interest becomes obvious when it explains that it supports this position in order “for consumers to the greatest extent possible to be able to use their own devices to choose among competing delivery systems, as Congress desires.” Id. at 11-12. Thus, Circuit City’s true interest is in selling such devices in its stores.

<sup>2</sup> Circuit City refers to Section 629 as Section 304. They are one and the same.

choice. New entrants, such as providers of MMDS, will not be able to compete if they furnish completely proprietary systems that do not allow consumers also to access other video providers at the same time. Thus, there is no evidence that allowing MMDS and other video services to evolve without being subject to arbitrary standards will hurt consumers; to the contrary, consumers will benefit from having new video options.

Interestingly enough, even the Digital HDTV Grand Alliance (“Grand Alliance”) believes that a voluntary approach to standardization in new video services is the appropriate one:

[T]he Grand Alliance members believe that as voluntary standards continue in the cable industry, as well as for DBS, MMDS and ITFS services and for open video systems, it is likely that many elements of the terrestrial ATV standard will also be incorporated in emerging standards in these industries.

Grand Alliance at 27 (emphasis added). The Advanced Television Systems Committee (at 27) and Thomson Consumer Electronics (at 14) agree, while General Instrument (at 10), TCI (at 15, 25), the National Cable Television Association (“NCTA”) (at 12-13), and SynCom Media Group (at 1) go even further and oppose any extension of standards to non-broadcast video services.

As TCI points out, “in the MMDS context, the Commission refused to adopt a mandatory standard, stating, ‘we do intend, when possible, to accommodate the widest possible voluntary usage of this or any other technology’ in order to attain the highest efficiencies.”<sup>3</sup> We urge the Commission to follow its earlier lead and allow new video

---

<sup>3</sup> TCI at 25, citing Private Operational-Fixed Microwave Service, Multichannel Multipoint Distribution Service, Instrumental Television Fixed Service, and Cable Television Relay Service, 5 F.C.C. Rcd 6410, at ¶ 47 (1990) (emphasis added).

participants voluntarily to set their own standards. In so doing, the Commission will best accommodate continued experimentation and innovation in video technology.

### III. TECHNOLOGICAL AND FINANCIAL CONSIDERATIONS MILITATE AGAINST REQUIRING STANDARDIZATION FOR MMDS AND OTHER NEW VIDEO SERVICES

Technological and financial considerations also militate against requiring standardization for MMDS and other new video services. As TCI observes, there is no way to devise an optimal transmission standard applicable to all video systems:

For example, satellite networks, such as DBS, use QPSK modulation, while the cable industry has selected QAM as its digital modulation standard.<sup>4</sup> The ATSC proposal recommends a VSB modulation standard. This diversity of modulation methods is a function of the physics of each transmission medium.

TCI at 21 (emphasis added in part and in original in part). General Instrument agrees, at least in theory: “[I]dentical standards across all distribution media are neither necessary nor wise (such as when different modulation methods are optimal for different media).” General Instrument at 10. While General Instrument goes on to stress that the ATSC standard “provides a high degree of similarity with evolving standards for other media, including . . . MMDS . . . ,” (id.), we disagree that the ATSC’s VSB modulation method is best for MMDS, which works very well with a QAM modulation scheme.

Our use of QAM modulation for MMDS also reveals a strong financial argument against standards: we have invested countless dollars in one technology and would lose this investment, as well as all the time and effort that went into it, if we were forced to

---

<sup>4</sup> Our MMDS system also uses a QAM modulation technique.

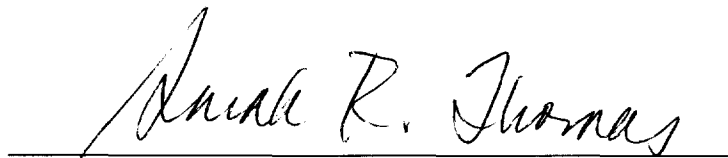
adhere to a new standard. Thus, for both technological and financial reasons, the Commission should reject the Grand Alliance standard for new video technologies.

#### IV. CONCLUSION

Adoption of a cookie-cutter technological standard at a time of huge innovation in video technology would be ill-advised in the extreme. We urge the Commission to reject such an approach, and in so doing allow new video services such as MMDS to flourish and reach their full potential to provide competition in the video marketplace.

Respectfully submitted,

PACIFIC TELESIS GROUP

A handwritten signature in black ink, appearing to read "Sarah R. Thomas", is written over a horizontal line.

LUCILLE M. MATES  
SARAH R. THOMAS

140 New Montgomery Street, Rm. 1522A  
San Francisco, California 94105  
(415) 542-7649

MARGARET E. GARBER

1275 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004  
(202) 383-6472

Its Attorneys

Date: August 12, 1996  
0142279.01